



Report of Management on Compliance with Applicable Requirements of Section 64.1310(a)(1) of the FCC's Rules and Regulations

Management of Telstar International, Inc. ("Telstar" or the "Company") is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2004, the Company complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to ABC's Payphone Call Tracking Systems.

Telstar is acknowledged as the "Completing Carrier" in instances where it completes a coinless access code or subscriber toll-free payphone originated call.

All assertions for Telstar are from the point Telstar has visibility to the call tracking data.

Telstar uses the Billing Concepts, Inc. ("BC") for payphone compensation settlement. Telstar has obtained and relied upon third-party assurance from BC to verify that controls and procedures relating to these assertions have been established and maintained by BC. An independent assessment of the effectiveness of such controls has been performed by an independent accounting firm.

Telstar represents the following assertions where it is identified as the Completing Carrier:

FCC Compliance Factor (1) – Telstar's ("Completing Carrier") procedures accurately track calls to completion.

- Telstar's definition of the "per-call rate" of \$.24 is in compliance with FCC rules.
- Telstar's definition of a "Compensable Call" (payphone-originated coinless completed call that completes over Telstar's network in which Telstar identifies itself as the Completing Carrier) is in compliance with the FCC rules.
- Telstar's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- Telstar's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the ANI for each payphone.
 - b) The volume of calls for each toll free and access number that were completed by Telstar.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Telstar's payphone compensation.
 - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Telstar categorized according to toll-free and access code numbers.



- Telstar's data storage requirement (18 months) is in compliance with FCC rules.
- Telstar's procedures for identifying PSPs are complete and accurate.
- Telstar's procedures for validating payphone ANIs are complete and accurate.

FCC Compliance Factor (2) – Telstar (“Completing Carrier”) has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

- Telstar has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.
- Telstar has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- Telstar has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets.
- Telstar has designated personnel who are responsible for developing compensation-tracking reports.
- Telstar has designated personnel who are responsible for payphone compensation dispute resolution.

FCC Compliance Factor (3) - Telstar (“Completing Carrier”) has effective data monitoring procedures.

- Telstar has the ability to prepare quarterly reports on payphone call counts, PSP identities and numbers dialed.
- Telstar performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- Telstar has the ability to produce trend reports of excluded calls.
- Telstar has the ability to perform fraud-monitoring procedures to identify potentially illegitimate payphone calls.
- Telstar has the ability to investigate and resolve PSP disputes.

FCC Compliance Factor (4) - Telstar (“Completing Carrier”) adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.

- Telstar has security controls in place to control access to and monitor call-tracking data.
- Telstar has security controls in place to control access to and monitor the payment disbursement system.
- Telstar has a department that is responsible for making software changes that affect payphone compensation.
- Telstar has established protocols to implement and test software changes affecting payphone compensation.
- Telstar has application controls in place to ensure that network changes, external to payphone compensation, do



not negatively impact payphone compensation.

FCC Compliance Factor (5) – Telstar (“Completing Carrier”) creates a compensable payphone call file by matching call detail records against payphone identifiers.

- Telstar utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- Telstar uses payphone specific identifiers (info digits or ANI lists) to identify a compensable payphone call record.
- Telstar applies validation and control procedures to compile the Compensable Call File.

FCC Compliance Factor (6) – Telstar (“Completing Carrier”) has procedures to incorporate call data into required reports and making payment to PSPs.

- Telstar’s systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll free and access numbers dialed and completed from each PSP’s payphones along with the ANI for each payphone.
 - b) The volume of calls for each toll free and access number that was completed by Telstar.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling Telstar’s payphone compensation.
 - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Telstar categorized according to toll-free and access code numbers.
- Telstar possesses a valid list of payphone owners identified by ANI.

FCC Compliance Factor (7) - Telstar (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.

- Telstar maintains required call tracking data for at least 18 months.
- Telstar has the ability to investigate and resolve PSP disputes.
- Telstar has designated personnel who are responsible for payphone compensation dispute resolution.

FCC Compliance Factor (8) – Critical controls and procedures have been tested by Telstar (“Completing Carrier”) to verify that errors are insubstantial.

- Telstar has procedures to identify payphone-originated calls.
- Telstar has procedures to capture dial-around calls.
- Telstar has procedures to exclude incomplete calls from the Compensable Call File.
- Telstar has procedures to accurately populate call record data in the Compensable Call File.
- Telstar has procedures to exclude non-compensable calls from the Compensable Call File.



FCC Compliance Factor (9) – Telstar (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.

- Telstar has business rules that identify calls originated from payphones.
- Telstar has business rules that identify compensable payphone calls.
- Telstar has business rules that exclude incomplete calls.
- Telstar has business rules to determine the identities of the payphone service providers to which Telstar owes compensation.

Telstar’s – Required Disclosures per 64.1320(d)

- Telstar’s criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70. In addition, originating ANI is also used to identify payphone-originated calls.
- Telstar’s criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70 (or with a payphone-identified originating ANI) and call duration greater than 0. Calls originating from payphones where Telstar has a separate compensation agreement in place are excluded from the Compensable Call File.
- Telstar’s criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29 or 70 (or that are not from a payphone-identified originating ANI), 2) calls with a duration of 0 or 3) calls that originate from payphones where Telstar has a separate compensation agreement in place.
- Telstar’s criteria used to determine the identities of the PSPs to which Telstar owes compensation is established by BC, Telstar’s clearinghouse for settlements.
- The type of information that Telstar needs from the PSPs in order to compensate the PSPs is determined by BC.

Dated: July 1, 2004

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